

# **CREDIT CONTROL & DEBT MANAGEMENT POLICY**



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**1. PREAMBLE**

This Policy is made in terms of Section 96 of the Municipal Systems Act, 2000 (Act 32 of 2000) and the Maluti-A-Phofung Local Municipality: Credit Control Bylaws

This policy has been compiled in accordance with the Local Government Municipal Systems Act, Act no 32 of 2000. The Council of the municipality, in adopting this policy on Credit Control and Debt Collection, recognizes its constitutional obligations as set out in Chapter 7 of the Constitution and Chapter 9 of the Municipal Systems Act, to develop the local economy and to provide acceptable services to its residents. It simultaneously acknowledges that it cannot fulfill these constitutional obligations unless it exacts payment for the services which it provides and for the taxes which it legitimately levies in full from those residents who can afford to pay, and in accordance with its indigent relief measures for those who have registered as indigents in terms of the Council approved indigent management policy.

WHEREAS section 152(1) (b) of the Constitution of the republic of South Africa Act 108 of 1996 (the constitution) provides that one of the objects of local government is to ensure that the provision of services to communities occurs in a sustainable manner;

AND WHEREAS section 153 (a) of the Constitution provides that a municipality must structure its administration, budgeting and planning processes to give priority to the basic needs of the community, and to promote the social and economic development of the community;

AND WHEREAS section 195 (1) of the Constitution provides that the public administration must be governed by the democratic values and principles enshrined in the Constitution, including-

- The promotion of the efficient, economic and effective use of resources;

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- The provision of services impartially, fairly, equitably and without bias; and
- The fact that people's needs must be responded to.

AND WHEREAS section 4 (1) of the local Government: Municipal Systems act 32 of 2000, as amended (the systems Act) provides that the Council of a Municipality has the right to finance the affairs of the Municipality by charging fees for the services for services imposing surcharges on fees rates on property and to the extent authorised by national legislation, other taxes, levies and duties;

AND WHEREAS section 5 (1) (g) read with subsection (2) (b) of the system Act provides that members of the local community have the right to have access to municipality services which the Municipality provided that, where applicable and subject to the policy for indigent

AND WHEREAS section 6 (2) (c), (e) and (f) of the Systems Act provides that the administration of a municipality must take measures to prevent corruption; give members of a local community full and accurate information about the level and standard of municipal services that they are entitled to receive; and inform the local community about how the municipality is managed, of the costs involved and the persons in charge;

AND WHEREAS Chapter 9, section 95,96,97,98,99 and 100 of the System Act provides for Customer Care Management , Debt Collection responsibility of the policy, by laws that give effect to the policy, Supervisory authority and implementing authority ,respectively.

IT IS HEREBY ADOPTED: a COLLECTION POLICY: CREDIT CONTROL and DEBT MANAGEMENT POLICY of the MALUTI-A-PHOFUNG LOCAL MUNICIPALITY

## **2. DEFINITIONS**

<b>Account</b>	Means an account rendered specifying charges for municipal services provided by the municipality or any authorise or any authorised and contracted services provider or a Municipality Entity, and which account may include assessment rates levies.
<b>Accounting officer</b>	Means the Municipal manager appointed in terms of Section 60 of the Municipal Finance Management Act.
<b>Annual Budget</b>	Means the budget approved by the Municipal Council for any particular financial year and shall include any adjustments to such budget.
<b>Annually</b>	means once every financial year
<b>Arrangement</b>	Means a written agreement entered into between the Municipality and the customer where specific repayment parameters are agreed to. Such arrangement does not constitute a credit facility envisaged in terms of section 8(3) of the National Credit Act but is deemed to be incidental Credit in terms of section 4(6)(b) read with section 5(2) and (3) of the National Act.
<b>Arrears</b>	Means those rates and services charges that have not been paid by the due date and for which no arrangement has been made.
<b>Authorised Representative</b>	Means a person or instance legally appointed by the Municipality to act or fulfil a duty on its behalf.
<b>Basic municipal services</b>	Means a municipal service necessary to ensure an acceptable and reasonable quality of life, which services if not provided, would endanger public health or safety or the environment.
<b>Billing Date</b>	Means the date upon which date which the monthly

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	statement is generated and debited to the customer's account.
<b>Business and Commercial Property</b>	means Property used for the activity of buying, selling or trading in commodities or services and includes any or other accommodation on the same property, the use of which is incidental to such activity or property on which the administration of the business of private or public entities take place
<b>By law</b>	Means legislation passed by the council of the municipality, and shall be binding on the Municipality and on the persons and institutions to which it applies.
<b>Calendar year</b>	means 12 consecutive months of a financial year(s)
<b>Category</b>	In relation to a property ,means a category of properties determined in terms of section 8(2)of the Municipality Property Rates Act:  In relation to the owner of property, means a category of owners determined in terms of section 15(2) of the Municipality Property Rates Act.
<b>Child-headed household</b>	Means a household recognized as such in terms of section 137 of the Children's Amendment Act, 41 of 2007.
<b>Chief Financial officer</b>	Means the person appointed as the chief financial officer of the Municipality, or his or her nominee.
<b>Consumer Price index</b>	means the CPIX as determined and gazetted from time to time by the South African Bureau of Statistics.0
<b>Consolidated Account</b>	Means an account which is a consolidation of any separate accounts of a person who is liable for payment to the Municipality or Municipal entity.
<b>Council</b>	Means the Council of the Maluti a Phofung

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	Municipality.
<b>Credit control</b>	Means all the functions relating to the collecting of monies owed by ratepayers and the user of Municipal services.
<b>Customer</b>	Means the occupier of any to which the Municipality has agreed to supply or is actually supplying municipal services or if no occupier can be identified or located, then the owner of the premises and includes any customer of the Municipality.
<b>Day/Days</b>	Means calendar day, inclusive of Saturday, Sunday and public holidays.
<b>Debt collectors</b>	Means an external person or entity appointed by the Municipality to collect monies due and payable to the Municipality, subject to the condition contained herein. Such external person or entity includes, but is not limited to, the appointment of registered debt collectors and attorneys.
<b>Defaulter</b>	Means any person who owes arrears to the Municipality.
<b>Delivery Date</b>	Means the date on which periodic account is account is delivered to the customer or 3 days after the date account was posted, which is the first.
<b>Domestic customer or User</b>	Of municipal services means the person or house hold which municipality services are rendered in respect of resident property as defined below.
<b>Due Date</b>	in relation to rates due in respect of any immovable property, means the twentieth(20th) day of September of the financial year for which such rate is made , in the case where rates where rates are levied on an annual basis, the date for payment indicated on the account , in the case where rates are levied on a

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monthly basis of any other determined by Council in terms of public in terms of a public notice in the provincial gazette and service charges due in respect of any immovable property, means the date for payment indicated on the account , provided that the due date for any service charges means the twenties (20th) day of September in the case where service charges are levied annually, and should such day fall on Saturday , Sunday or public holiday the due date shall be the next working day.

<b>Dwelling</b>	means a building, structure or place of shelter to live in.
<b>Electricity Charges</b>	Means service charges in respect of the provision of electricity.
<b>Farm Property or Small Holding used for agricultural purpose</b>	means property that is used for the cultivation of soils for purposes of planting and gathering in of crops; forestry in the context of the planting or growing of trees in a managed and structured fashion; the rearing of livestock and game or the propagation and harvesting of fish, but excludes the use of a property for the purpose of eco-tourism; and in the respect of property on which game is reared, trade or hunted, it excludes any portion that is used for commercial or business purposes.
<b>Farm Property or Small Holding not used for any purpose</b>	Means agricultural property or an agricultural zoned land unit situated outside an urban region which is not used for farming purposes, regardless of whether such portion of such property has a dwelling on it which is used as a dwelling and must be regarded as residential property.



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<b>Financial Year</b>	Means the period starting from 1 July in any year and ending on 30 June of the following year.
<b>Immovable Property</b>	also includes: (a) An undivided share in immovable property, and (b) Any right in immovable property.
<b>Implementing Authority</b>	Means the Municipal Manager or his or her nominee, acting in terms of section 100 of the Local Government: Municipal Systems Act No. 32 of 2000.
<b>Indigent Customer</b>	means the head of an indigent household: (a) Who applied for and has been declared indigent in terms of Council's Indigent Policy for the provision of services from the Municipality; and (b) Who makes application for indigent support in terms of Council's Indigent Policy on behalf of all members of his or her household?
<b>Indigent Policy</b>	Means the Indigent Policy adopted by the Council of the Municipality.
<b>Indigent Support Programme</b>	Means a structured program for the provision of indigent support subsidies to qualifying indigent customers in terms of the Council's Indigent Policy.
<b>Integrated Development Plan</b>	Means a plan formulated and approved as envisaged in Section 25 of the Municipal Systems Act 2000, as amended.
<b>Industrial Property</b>	Means property used for construction, repair, trade or manufacturing, production, assembly or processing of finished or partially finished products from raw materials or fabricated parts on such a large scale that capital and labour are significantly involved, and includes any office or other accommodation on the same property, the use of which is incidental to such activity.

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<b>Interest</b>	Means the charge levied on arrears, calculated as the prime rate, charged the bank which holds the Municipality's primary bank account, plus one per cent or such other percentage as may be determined by Council from time to time. (See clause 18)
<b>Local</b>	in relation to the Municipality
<b>Community</b>	(a) Means that body of persons comprising (I) the residents of the Municipality; (ii) The rate payers of the Municipality; (iii) Any civic organizations and non-governmental, private sector or labor organizations or bodies which are involved in local affairs within the Municipality; and (iv) Visitors and other people residing outside the Municipality, who, because of their presence in the Municipality, make use of services or facilities provided by the Municipality; and (B) Includes, more specifically, the poor and other deprived sections of such body of persons:
<b>Manager</b>	Means the Senior Official in a division of the Municipality's Finance Department, overall responsible for the collection of monies owed to the Municipality and/or any other official to whom he/she has delegated duties and responsibilities in terms of this policy.
<b>Income</b>	
<b>Market Value</b>	in relation to a property, means the value of the property determined in accordance with section 46 of the Municipal Property Rates Act;
<b>Month</b>	Means one of twelve months of a calendar year.
<b>Monthly</b>	Means the monthly average consumption in respect of

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<b>Average Consumption</b>	that property calculated on the basis of consumption over the preceding or succeeding twelve months.
<b>Multiple purposes</b>	in relation to a property, means the use of a property for more than one purpose as intended in section 9 of the Municipal Property Rates Act.
<b>“Municipality” or “Municipal Area</b>	Means, where appropriate, the geographic area, determined in terms of the Local Government: Municipal Demarcation Act No. 27 of 1998 as the municipal area pertaining to the Municipality.
<b>The Municipality</b>	Means Maloti a Phofung Municipality.
<b>Municipal Council” or “Council</b>	means the municipal council of Malutia Phofung
<b>Municipal Pay Point</b>	Means any municipal office in the area of jurisdiction of the Municipality designated by Council for such purposes, or any such other places as the Chief Financial Officer may from time to time designate.
<b>Municipal Manager</b>	Means the Municipal Manager of the Maluti a Phofung Municipality or his or her nominee acting in terms of power delegated to him or her by the said Municipal Manager with the concurrence of the Council.
<b>Municipal Services</b>	means services provided either by the Municipality, or by an external agent or Municipal Entity on behalf of the Municipality in terms of a service delivery agreement.
<b>Municipal Tariff</b>	Means a tariff for services which the Municipality may set for the provision of a service to the local community, and may include a surcharge on such service. Tariffs for major services shall mean tariffs

set for the supply and consumption or usage of electricity, water, sewerage and refuse removal, and minor tariffs shall mean all other tariffs, charges, fees, rentals or fines levied or imposed by the Municipality in respect of other services supplied including services incidental to the provision of the major services.

**Occupier** Means any person who occupies controls or resides on any premises, or any part of any premises without regard to the title under which he or she so occupies it.

**Open Space** Means land that is used as a park, garden, for passive leisure or maintained in its natural state.

**Owner** in relation to immovable property means

(a) The person in whom is vested the legal title thereto provided that:-

(i) The lessee of immovable property which is leased for a period of not less than thirty years, whether the lease is registered or not, shall be deemed to be the owner thereof;

(ii) The occupier of immovable property occupied under service servitude or right analogous thereto, shall be deemed to be the owner thereof:

(b) if the owner is dead or insolvent or has assigned his or her estate for the benefit of his creditors, has been placed under curatorship by order of court or is a company being wound up or under judicial management, the person in whom the administration of such property is vested as executor, administrator, trustee, assignee, curator, liquidator or judicial manager, as the case may be, shall be deemed to be the owner thereof:

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	(c) if the owner is absent from the Republic or if his address is unknown to the Municipality, any person who as agent or otherwise receives or is entitled to receive the rent in respect of such property, or if the Municipality is unable to determine who such person is, the person who is entitled to the beneficial use of such property.
<b>Person</b>	Means a natural and juristic person, including any department of state, statutory bodies or foreign embassies.
<b>Premises</b>	includes any piece of land, the external surface boundaries of which are delineated on:  (a) A general plan or diagram registered in terms of the Land Survey Act, (9 of 1927) or in terms of the Deed Registry Act, 47 of 1937; or  (b) A sectional plan registered in terms of the Sectional Titles Act, 95 of 1986, and which is situated within the area of jurisdiction of the Municipality.
<b>Prescribed</b>	Means prescribed by this policy and where applicable by Council or the Municipal Manager.
<b>Prescribed debt</b>	Means debt that becomes extinguished by prescription in terms of the Prescription Act 68 of 1969.
<b>Private Open Space</b>	Means land that is privately owned and used for practicing of sport, play- or leisure facilities or used as a botanical garden, cemetery or nature area.
<b>Privately Owned Townships Serviced by the Owner</b>	means single properties, situated in an area not ordinarily being serviced by the Municipality, divided through subdivision or township establishment in (ten or more) full-title stands and/or sectional units and where all rates-related services inclusive of

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installation and maintenance of streets, roads, sidewalks, lighting, storm water drainage facilities, parks and recreation facilities, are installed at the full cost of the developer and are rendered and maintained by the residents, Home owners association or management companies/ bodies of such estate.

**Property** means immovable property registered in the name of a person, including, in the case of a sectional title scheme, a sectional title unit registered in the name of a person;

**Rateable Property** Means property on which the Municipality may in terms of Section 2 of the Municipal Property Rates Act 2004 levy a rate, but excluding property fully excluded from the levying of rates in terms of Section 17 of that Act.

**Ratepayer** Means a person who is liable to the Municipality for the payment of (a) rates on property in the Municipality; (b) any other tax, duty or levy imposed by the Municipality; and/or (c) fees for services provided either by the Municipality or in terms of a service delivery agreement.

**Rates** Means a municipal rate on property envisaged in section 229 (1) of the Constitution read with the Local Government: Municipal Property Rates Act 6 of 2004 and the Local Government: Municipal Finance Act 56 of 2003.

**Rebate** In relation to a rate payable on a property, means a discount granted in terms of Section 15 of the Municipal Property Rates Act, 2004 on the amount of the rate payable on the property.

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<b>Reduction</b>	in respect of a rate payable on a property, means the lowering of the amount for which the property was valued and the rating of that property at that lower amount
<b>Refuse Charges</b>	means service charges in respect of the collection and disposal of refuse
<b>Registered Owner</b>	means that person, natural or juristic, in whose name the property is registered in terms of the Deeds Registry Act, no. 47 of 1937
<b>Responsible Person</b>	Means any person other than the registered owner of an immovable property who is legally responsible for the payment of municipal service charges.
<b>Residential Property</b>	Means a property included in the valuation roll in terms of Section 48(2) (b) of the Municipal Property Rates Act, 2004 as residential.
<b>Residential Property</b>	furthermore means improved property that: (a) is used predominantly (60% or more) for residential purposes, including any adjoining property registered in the name of the same owner and used together with such residential property as if it were one property. Any such grouping shall be regarded as one residential property for rate rebate or valuation reduction purposes, if still used dominantly for residential purposes. (b) Is a unit registered in terms of the Sectional Title Act and is used predominantly for residential purposes. (c) Is owned by a share-block company and is used predominantly for residential purposes; (d) Is a residence used for residential purposes situated on a property used for educational purposes?

(e) Is property which is included as residential in a valuation list in terms of section 48(2) (b) of the Act.

(f) Are retirement schemes and life right schemes used predominantly (60% or more) for residential purposes; vacant properties (empty stands), hotels, hostels, old-age homes and accommodation establishments, irrespective of their zoning or intended use, have been specifically excluded from this property category.

**Service Charges** means the fees levied by the Municipality or Municipal Entity in terms of its tariff policy for any municipal services rendered in respect of an immovable property and includes any penalties, interest or surcharges levied or imposed in terms of this policy

**Service Delivery Agreement** Means an agreement between the Municipality and an institution or persons mentioned in section 76(b) of the Local Government: Municipal Systems Act 32 of 2000.

**Sewerage Charges** means service charges in respect of the provision of sewerage collection and treatment of infrastructure

**Small Holding** means:

(a) All agricultural zoned land units situated within an urban region with an area of one to three hectares, or

(b) Any agricultural zoned land unit situated outside an urban region with an area of three hectares or less.

**State Owned Property** Excludes any property included in the valuation roll under the category 'residential property' or 'vacant land'.



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<b>Sundry Customer Accounts</b>	Means accounts raised for miscellaneous charges for services provided by the Municipality or charges that were raised against a person as a result of an action by a person, and were raised in terms of Council's policies, bylaws and decisions.
<b>Supervisory Authority</b>	means the Executive Mayor of the Municipality or his or her nominee, acting in terms of Section 99 of the Municipal Systems Act 32 of 2000
<b>Tariff</b>	Means the scale of rates, taxes, duties, levies or other fees which may be imposed by the Municipality or Municipal Entity in respect of immovable property and/ or for municipal services provided.
<b>Tariff Policy</b>	Means a Tariff Policy adopted by the Council in terms of Section 74 of the Local Government: Municipal Systems Act 32 of 2000.
<b>User</b>	Means the owner or occupier of a property in respect of which municipal services are being rendered.
<b>Water Charges</b>	Means service charges in respect of the provision of water.

In this policy any word or expression to which a meaning has been assigned in the local Government: Municipal System Act has that meaning, unless the context indicates otherwise:

### **3. APPLICATION**

- 3.1 The Council of MAP local Municipality reserves the right to differentiate between different categories of consumers, debtors, services or service standards when applying this Policy. The Council will, on application of this policy, avoid discrimination as forbidden by the Constitution unless it is established that the discrimination is fair as allowed by the Constitution.

- 3.2 This policy shall apply only in respect of money due and payable to MAP Local Municipality for:
- 3.2.1 Property Rates and related taxes
  - 3.2.2 Fees, surcharges on fees, charges and tariffs in respect of the provision of water, refuse removal, sewerage, electricity (herein after referred to collectively as “services”), in all instances where MAP Local Municipality is responsible for the rendering of accounts in relation to any one or more of the services and for the recovery of amounts due and payable in respect thereof
  - 3.2.3 Interest which has accrued in respect of any money due and payable to MAP Local Municipality in regard to rates or services
  - 3.2.4 Rental of facilities and properties and Collection charges
  - 3.2.5 Services provided through pre-paid meters
  - ~~3.2.6 No accounts should be held in the name of the tenant~~

#### **4. IMPLEMENTATION**

- 4.1 This policy shall be implemented by those officials whose duties relate to the rendering of accounts and the collection of money due and payable to the MAP Local Municipality in respect of rates and services, and credit control.
- 4.2 This policy will apply to all residents, businesses and entities (Customers), Councillors, Management, Staff and Officials of the Municipality. Failure to comply with the policy may result in the institution of disciplinary proceedings/ legal action against the Persons / Parties involved.
- 4.3 Furthermore, this policy will also apply to service providers. The municipality will not procure from service providers and suppliers who are in arrears with rates, taxes and tariffs for more than three months to MAP Local Municipality.

**5. POLICY PRINCIPLES**

- 5.1 The principles of credit control management in the Municipality are
  - 5.1.1 The administrative integrity of the Municipality must be maintained all the times.
  - 5.1.2 Customers must be informed of the contents of the policy.
  - 5.1.3 Customers must receive regular and accurate accounts that indicate the basis for calculating the amounts due, the customer is entitled to have the details of the account explained upon request.
  - 5.1.4 Customers must pay their accounts regularly by the due date
  - 5.1.5 Customers are entitled to reasonable access to pay and to a variety of reliable payment methods.
  - 5.1.6 Customers are entitled to an efficient and reasonable response to appeal and should not suffer any disadvantage during the processing of a reasonable appeal
  - 5.1.7 Debt collection will be instated promptly, consistently, and effectively without and with the intention of proceeding until the debt, including the cost of collection is recovered.
  - 5.1.8 It shall be the duty of all customers to ensure that the correct information regarding all due amounts
  - 5.1.9 Customers who will be found to have connected services without following proper or prescribed process (illegal connections) will be disconnected immediately and a criminal case will be opened against them in a court of Law.
  - 5.1.10 Non-payment of their accounts by debtors has a direct negative impact on the municipality's ability to provide high quality service delivery to its clients
  - 5.1.11 Current levies not paid by the indicated due date are in arrears and all debtors with arrears exceeding 60 days are subject to Credit Control and Debt Collection measures
  - 5.1.12 The right of access to services, and consumption thereof, can only be exercised by residents who are not in arrears on their

municipal services accounts or who have arranged to pay their arrears in terms of this Policy

- 5.1.13 Various methods of payment by debtors as well as sufficiently convenient payment points are available
- 5.1.14 Interest on debt in arrears is levied monthly at the rate specified in item of this policy, **except if billing process was performed late no interest will be charged on accounts.**
- 5.1.15 Interest is levied on all arrears of 30 days and older. Interest levied but not paid is included in the arrear amount of such a debtor.
- 5.1.16 No Interest will be charged on indigent customers/ accounts**
- 5.1.17 Credit control measures are applied with pro-active reminders or warnings. Account statements are regarded as notification of the arrears status of the account as well as stating the intention to take credit control measures
- 5.1.18 Metered services consumed by an unknown consumer are billed to the owner of the property to which the service connection is registered
- 5.1.19 Only one account for all municipal levies and services charges relating to any property will be opened and submitted to the owner of such property, except in the case of those properties with multiple consumers, each such consumer being separately metered by the municipality for electricity and /or water consumption.
- 5.1.20 Consumers who rent properties with multiple consumers, each such consumer being separately metered by the municipality for electricity and /or water consumption, and are billed separately for such services, must enter into a services agreement to have access to these services. No service agreement shall be concluded without the written consent of the registered owner of the property and that consent should be in form of a letter from the owner together

with the lease agreement between the owner and a tenant and such an owner shall have no right to discontinue the services or finalize the account of their tenants unless tenants account is owing and or the lease agreement expired.

- 5.1.21 Refusal by banks to honour payments by cheque or debit order is regarded as non-payment, upon which the relevant debtors are subject to credit control measures
- 5.1.22 Customers who make no further use of any services but still owe an amount are considered inactive debtors who are handed over for collection to a debt collector or the legal department appointed for this purpose
- 5.1.23 Debtors who are large consumers of services are managed by telephonic and personal contact with them on a higher management level, e.g. corporate business and government departments
- 5.1.24 Residential household debtors form a distinct group for whom the following special measures and exceptions apply:
- a) Water supply to defaulting residential household debtors will not be completely discontinued, but rather be restricted due to hygienic reasons. Other types of debtors who are in default and whose water supply is involved will be completely deprived of the service
  - b) Any interest free arrangements for payment of arrears are intended to assist those debtors by making their current monthly accounts more affordable.
- 5.1.25 All notifications served to the place of residence must state the reason/s for actions taken as well as information as to how they can take corrective action to normalise the situation
- ~~5.1.26 If it is necessary to disconnect any service in terms of this Policy, the free cross-subsidised portion of that service in terms of the municipality's tariffs for service delivery, will also~~

~~not be available for as long as that service is to remain  
disconnected.~~

**6. SUPERVISORY AUTHORITY**

- 6.1 The Executive Mayor oversees and monitors
  - 6.1.1 The implementation and enforcement of the Municipality's credit control collection policy
  - 6.1.2 The performance of the Municipality Manager in the implementing the credit control and debt collection policy.
- 6.2 The Executive Mayor shall at least once a year cause an evaluation or review of the credit control and debt collection to be performed, in order to improve the efficiency of the Municipality's credit control and debt collection mechanisms, processes and procedure, as well as the implementation of the policy.
- 6.3 The Executive Mayor may submit a report to council regarding the implementation of the credit control and debt collection at such interval as council may determine.

**7. IMPLEMENTING AUTHORITY**

- 7.1 The Municipal Manager:
  - 7.1.1 Implements and enforces the credit control and debt collection policy.
  - 7.1.2 Is accountable to the Executive Mayor for the enforcement of the policy and shall submit a report to the Executive Mayor regarding the implementation and enforcement of the credit control and debt collection policy at such intervals as may be determined by Council.
  - 7.1.3 Must establish effective administration mechanisms, processes and procedures to collect money that is due and payable to the Municipality.

- 7.1.4 Where necessary make recommendations to the Executive Mayor with the aim of improving the efficiency of the credit control and debt collection mechanisms, processes and procedures.
- 7.1.5 Establish effective communication between the Municipality and account holders with the aim of keeping account holders abreast of all decisions by Council that may affect account holders.
- 7.1.6 Establish customer service centres, located in such communities as determined by the Municipal Manager.
- 7.1.7 Convey to account holders information relating to the costs involved in service provision, and how funds received for the payment of services are utilised, and may where necessary employ the services of local media to convey such information
- 7.1.8 The Municipal Manager may, in writing, delegate any of the powers entrusted or delegated to him or her in terms of Council's credit control and debt collection policy to the Chief Financial Officer.
- 7.2 Delegation in terms of subsection (2):-
  - 7.2.1 Is subject to any limitations or conditions that the Municipal Manager may impose;
  - 7.2.2 May authorize the Chief Financial Officer in writing, to sub-delegate duties and responsibilities to the Manager ~~–Budget~~ & Revenue.
  - 7.2.3 The delegation does not divest the Municipal Manager of the responsibility concerning the exercise of the delegated power.
  - 7.2.4 The Chief Financial Officer is accountable to the Municipal Manager for the implementation, enforcement and administration of this policy, and the general exercise of his powers in terms of this policy.

7.2.5 The Manager – ~~Budget~~ & Revenue shall be accountable to the Chief Financial Officer for the sections of this policy delegated to the Manager Income in terms of the MFMA section 82.

**8. KEY CREDIT CONTROL AND DEBT COLLECTION PROCESSES**

8.1 Application for new connection

8.1.1 A customer who requires the provision of municipal services must apply for the services from the Municipality

~~8.1.2 The application must be on the prescribed form~~

8.1.3 The application for the provision of municipal services must be made by the registered owner of an immovable property or a tenant with written consent of the property owner, accompanied by positive identification of the property owner and the tenant.

8.1.4 Approved Indigent Customers for the purposes of registering and allocating the applicable subsidy to qualified indigent customers whom will be allowed to open an account in the name of the lessee of the property.

8.1.5 The application for the provision of municipal services must be made in writing on the prescribed application form that is provided by the Municipality.

8.1.6 By completing the prescribed application form for the provision of municipal services the consumer of services enters into an agreement with the Municipality. Such agreement does not constitute a credit facility envisaged in terms of section 8(3) of the National Credit Act (NCA) but shall be incidental credit as envisaged in terms of section 4(6)(b) of the NCA, to which the NCA will only apply to the extent as stipulated in section 5 of the NCA.

8.1.7 The agreement with the Municipality makes provision for the following:

- a) An undertaking by the occupier that he or she will be liable for collection costs including administration fees,



interest, disconnection and reconnection costs, and any other legal costs occasioned by his or her failure to settle accounts by the due date on an attorney/ client basis.

- b) An acknowledgement by the occupier that accounts will become due and payable by the due date notwithstanding the fact that the owner did not receive the account.
- c) That the onus will be on the occupier to ensure that he or she is in possession of an account before the due date and
- d) An undertaking by the Municipality that it shall do everything in its power to deliver accounts timeously.
- e) ~~No new account will be opened where there are arrears of the owner or previous tenant. (Because of FDC tenants accounts).~~

## 8.2 Customer Deposits

8.2.1 On application for the provision of municipal services the customer deposit prescribed by Council shall be paid.

8.2.2 No interest will be paid on any deposit held by Council.

8.2.3 With respect to indigent customers, accounts will be opened for these customers without requiring any deposit.

~~8.2.4 The Chief Financial Officer may, in respect of business premises, accept an irrecoverable bank guarantee in lieu of a deposit on application for the provision of municipal services by a business.~~

8.2.5 Existing customers moving to a new address are required to pay the prescribed customer deposit on application for the provision of municipal services at the new address.

8.2.6 On all accounts that were opened before 2009 no deposit were charged/raised

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8.3 On termination of the supply of services the amount of the deposit less any payment due to the Municipality will be refunded to an account holder, provided that payments due are less than the deposit paid, and that the account holder has provided a forwarding address

8.3.1 The refund of the said deposit shall be processed once the water meter(s) has been transferred to the new owner.

8.3.2 If the Chief Financial Officer intends increasing the minimum deposit payable by the owner, then he or she shall, in the aforesaid notice, state full reasons for the increase, and allow the owner an opportunity to make written representations in this regard.

~~8.3.3 An aggrieved owner may, within a period of twenty one (21) days of having been notified of an increase in the minimum deposit payable, lodge an appeal against the decision of the Chief Financial Officer with the Municipal Manager.~~

~~8.3.4 The Municipal Manager shall, in his or her capacity as the appeal authority, consider the appeal, and confirm, vary or revoke the decision of the Chief Financial Officer, within a reasonable period.~~

~~8.3.5 The determination of the deposit shall be as follows:~~

<b>RISK ASSESSMENT</b>	<b>INDICATORS of RISK</b>	<b>DEPOSIT REQUIRED</b>
<b>HIGH</b>  (Domestic Houses)	Unpaid past debts with Council.	An amount equivalent to 3 months average consumption with a minimum of R2 000.00  Installation of a prepaid electricity (cost to debtor).

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<b>LOW</b>	Clean credit history	An amount equivalent to 3 months average consumption with a minimum of:
(Domestic Houses)	No unpaid past debts with Council	R 1 000.00 (Owners)
Registered owners	-	R 1 500.00 (Tenants)
Tenants	-	-
<b>LOW</b>	Clean credit history	An amount equivalent to 3 months average consumption with a minimum of:
(Municipal property)	No unpaid past debts with Council	R 500.00
Old Age homes only	-	-
<b>HIGH</b>	Poor or no recent credit history	An amount equivalent to 3 months average consumption with a minimum of R 2 000.00
Flats		
Businesses	Clean or no recent credit history	An amount equivalent to 3 months average consumption with a minimum of R3 000.00

ing for all areas will take place on a monthly basis. For all unread meters, estimates will be used to calculate consumption.

8.4.2 Consumers will receive monthly statement/s with an indicated payment due date. Consumers with disputes on

their account/s must pay other services and an average of the disputed service/s. Ratepayers/consumers who have not received an account for a specific month, are advised to pay an average of the previous two months' accounts and to notify the Manager: ~~Budget~~ & Revenue in order to ensure that correct postal details are on the system.

8.4.3 The non-receipt of an account does not exempt one from the liability of payment.

8.5 Estimated Consumption:

8.5.1 The municipality may levy an estimate of the consumption of water or electricity for any relevant period if:

- a) no meter reading could be obtained in respect of the period concerned; or
- b) no meter has been installed to measure the consumption on the premises concerned. No interest is payable in such an instance.
- c) The customer concerned is liable for payment of the fee in terms of the municipality's approved tariffs for service delivery in respect of such estimated consumption

8.6 The municipality may, in accordance with the provision of section 102 of Systems Act –

8.6.1 consolidate any separate accounts of a customer liable for payments in terms of the By-laws of the municipality;

8.6.2 Hold any amount paid by a customer, which is in excess of an existing debt, in credit for the customer in anticipation of future rates and fees for municipal services owing.

8.6.3 Submit only one account for all municipal levies and services to the owner of such a property and to distinguish between various individual debtors or debtor types in this regard.

8.6.4 No interest will be payable on any deposit held or any credit amount

8.7 Credit Control Measures

8.7.1 Reminder/Demand for payment

- a) A warning notice that the account has not been paid on the due date is generated after the due date and delivered to the debtor's physical address. This warning notice clearly states that a period of 7 days is allowed for payment or arrangement for payment, in the absence of which, services to the client will be restricted and or disconnected. The account of the debtor is debited with the cost of such a warning notice at the approved tariff of the municipality. Accounts owing ~~R500~~ R2000-00 and more will be subject to cut off and other credit control measures.
- b) In those instances where prepayment meters for service vending are installed, the municipality may block the vending of services to consumers of services on properties where arrears are owed for other municipal services or levies.
- c) Electricity disconnection (level 1) and Water restriction. In the absence of reaction on the 7-day reminder, the electricity supply to the debtor is discontinued together with the notice for the reason of the discontinuance. The account of the debtor is debited with the cost of the level 1 cut-off at the approved tariff of the municipality.
- d) In the absence of reaction to the disconnection of electricity within 7 days, in cases where the debtor has a consolidated account including water consumption levies, a disconnection (restriction for residential consumers) of water is carried out at the consumption address and a notice is left at the premises. The account of the debtor is debited with the cost of this action at the approved tariff of the municipality. In the absence of reaction on the 7-day reminder, in cases where the

debtor has an account for water consumption levies but not for electricity, a disconnection (restriction for residential debtors) of water is carried out at the consumption address after the 7-day period, and a notice to that effect is left at the premises. The account of the debtor is debited with the cost of this action at the approved tariff of the municipality.

8.7.2 Illegal reconnection/tampering of electricity

- a) If consecutive follow-up actions due to no reaction by the debtor reveal that illegal consumption of the service occurred or a disconnection has been tampered with, the service connection is removed and evidence against offenders is filed on an investigation document
- b) If a debtor is found with a tampered pre-paid meter, penalty will be based on average consumption.

8.7.3 Illegal reconnection/ tampering of water

- a) The water disconnection/restriction is monitored and followed up in cases of absence of reaction by the debtor to ensure that an illegal reconnection has not occurred.
- b) Interference with disconnections at water service points of non-residential consumers will lead to the removal of such a service connections. Where the services connection is removed, the consumer will be charged with costs of the action in terms of the council's tariff structure.
- c) Any first time discovery of tampering with a restriction device or service connection at the address of a residential consumer leads to restriction of the water flow rate to the quantity of the monthly free water allocation to residential households. Any further tampering after such a restriction will lead to the prosecution of the offending debtor.

- 8.7.4 Consumer who claim to have been wrongfully cut off should report such to the Municipality within two days, failure to do so, Municipality shall not be held responsible for any losses incurred by the consumer. Consumers who suffered losses due to wrongful disconnection should produce a proof of her/his losses to the Council so that an investigation can be undertaken.
- 8.7.5 For consumers who buy ~~water and~~ electricity from prepaid vending machines, the municipality may limit the amount of vending for consumers with outstanding accounts and/or take a percentage of the amount vended to settle the arrears..
- 8.7.6 Reinstatement of Municipality Services
- a) The municipality must reinstate full levels of provision of any electricity or water service terminated or restricted after –
    - i) the full amount of arrears has been paid, or
    - ii) an agreement for payment of the arrears contemplated has been entered into in terms of this Policy, or
    - iii) the full amount of arrears in respect of any agreement entered into, and any increased deposit, have been paid. ~~Or any additional security required has been provided,~~ and
    - iv) any other condition of the Policy that the municipality may consider appropriate has been complied with.
- 8.7.7 Reconnection of services
- a) Where services are disconnected as a result of the application of this Policy, these services can only be reconnected under the following circumstances
    - i) Water supply restricted for non-payment by clients, can only be normalised after either receipt of the amount in arrears or conclusion of a settlement

arrangement for payment of the arrears in terms of this Policy.

- ii) Water supply which has been restricted due to non-payment will only be normalised after either full payment of the arrears, or upon receipt of an appeal for normalisation due to a good payment record of ~~three (3)~~ Six (6) months on the repayment contract and the current monthly levies. The Chief Financial Officer will receive and evaluate each appeal before normalisation.
- iii) Electricity supply discontinued due to non-payment can only be reconnected after receipt of the amount in arrears or the conclusion of a settlement arrangement for payment of the arrears in terms of this Policy.
- iv) Any services which are discontinued as a result of tampering with the Municipality's distribution networks and/or mechanisms can only be legally reconnected if a Court orders so.
- v) Reconnection or reinstatement of services will be done within 24 – 72 hours.

#### 8.7.8 Termination of Service Agreements

- a) A customer must terminate an agreement with the municipality for the provision of any municipal service by notice in writing (completing the relevant service discontinuation and account closure forms of the municipality) not less than seven working days before the time.
- b) The municipality may, subject to compliance with the provisions of the relevant By-laws and any other applicable law, terminate the agreement for the provision of a



municipal service to a customer, by notice in writing of not less than 14 working days, if the customer-

- c) has not used the municipal service during the preceding six months and has not made arrangement to the satisfaction of the municipality for the continuation of the relevant agreement; or
- d) has made an arrangement with another service provider to provide the municipal service concerned to the customer; or
- e) has vacated the premises to which the agreement concerned relates

#### 8.7.9 Illegal Connections and Meter Tampering

- a) When it is ascertained that a meter had been tampered with, the cost of repairing or replacing an existing meter with another one will be charged to the account of the respective customer.
- b) The municipality can also opt to close the consumer's account in such instances and levy all municipal charges related to the property on the owner's account. The full outstanding balance is immediately payable before services will be restored.
- c) In addition, where a meter has been tampered with or where there has been unauthorized consumption of water or electricity, the municipality shall remove the connection and the cost of this action will be charged to the account of the customer, and a criminal case will be opened with the Competent Court of law. In a case where the meter is inside the house or the yard, it shall be moved outside and the costs will be borne by the customer/s or a pre-paid meter must be installed at the owner's expense.

#### 8.7.10 Free Basic Services

- a) The municipality will provide free basic services to domestic debtors, on a monthly basis on quantities as determined from time to time in line with the National Framework for Municipal Indigent Policies and the Municipality's Indigent Policy.
  - b) The six kilolitres (6kl) free basic water will be provided per meter connection, ~~not~~ per unit or households.
- 8.7.11 Indigent Assistance Scheme: An account holder may apply to the municipality, in the prescribed manner, to be declared indigent. Indigent customers are not excluded from this Policy.
- 8.7.12 Estates Accounts Collection
- a) Estates with legal status
    - i) The accounts of debtors who are declared as insolvent, under administration or deceased are dealt with according to normal legal practices by the collection staff of the municipality.
    - ii) Unsuccessful claims are written off and submitted to the Council for cognisance.
  - b) Estates without formalized legal status
    - i) In many cases the head of a household has died without leaving a will/final testament indicating to whom ownership of the family residence is to be transferred upon the event of his/her death OR the owner of the property has abandoned his/her family to fend for themselves. These scenarios are not provided for in the normal legal practice, which necessitates the following process in MAP Local Municipality:
    - ii) The remaining family must report the situation to the municipality's collection office, who will require the relevant documentation to be obtained by the family, i.e. a death certificate and an order of the local Magistrate

- allocating right of ownership to someone of the surviving family in the case of a deceased estate
- iii) OR an order of the local Magistrate allocating right of ownership to someone in the abandoned family
  - iv) In all of these cases, extension for the payment of the accumulated arrears as at the date of notification will be granted by the debt collectors in the collection office, disconnected electricity will be reconnected and the remaining family must then pay all amounts levied on monthly current accounts in excess of the amount of the payment extension until such time as the matter has been finalized.
  - v) This will prevent any further service restrictions/cut offs or collection actions at the residence whilst the family is in process of legalizing ownership of the property.
  - vi) As soon as ownership has been officially allocated by the Magistrate, the documentation must be presented to the municipality's collection office, who will then change the name of the account to that of the new owner. They will also encourage the new owner to make an arrangement for the payment of the arrears to prevent credit control and collection actions from being taken by the Municipality.
  - vii) if the family qualifies to be registered for assistance in terms of the municipality's Indigent Policy, they can apply to be registered and after registration to enjoy the benefits offered in terms of that Policy regarding the arrears.
  - viii) Amounts claimed and not successfully collected are submitted to the Council for approval to be written off against the reserve for bad debt.

- 8.8 Revenue Recovery Methods
- 8.8.1 Where the letter of final demand and the termination of services yield no response and the account is outstanding for ninety (90) days and more may be handed over to external debt collectors and/or attorneys for collection.
- 8.8.2 Liability for Rates and Municipal charges: If an amount due for rates and other municipal charges is unpaid by the owner of the property, the municipality may recover the amount from the tenant or occupier of the property. This amount due may also be recovered from the agent of the owner. The Council reserves the right to hand over any debt irrespective of its aging.
- 8.9 In-house Collections
- 8.9.1 This unit will deal with all outstanding debts ~~that are aging less than 90 days~~. This unit will also deal with all government accounts.
- 8.9.2 Summons for each outstanding account will be issued and submitted to the Sheriff for further action to be taken, where required.
- 8.9.3 A tariff in terms of the municipality's current Rates and Tariff Policy will be payable where such an action is taken.
- 8.9.4 In-house Debt Collection may include the listing of the debtor with the Credit Bureau.
- 8.9.5 Where there is no response, the accounts will be handed over to external debt collectors and/or attorneys. It should be noted that the issuing of summons internally will depend on the capacity of the municipality in terms of personnel.
- 8.10 External Debt Collection with the assistance of an Attorney
- 8.10.1 Any amount outstanding over 90 days and above may be handed over to MAP Local Municipality's official Debt Collection Agency for collection and to attend to matters that are defended.

8.11 Payment Terms and Interest Charged on Outstanding Accounts

8.11.1 Normal Terms: All categories of consumers are required to effect payment of their rates and services accounts on or before the due date advised on account statements.

8.11.2 Interest at the prime bank lending rate is charged on all consumer accounts ~~excluding indigent and government accounts~~ or portions of accounts which are not settled / paid on due date.

~~NOTE: For this purpose, the prime bank lending rate of the municipality's banker at the start of the financial year of the municipality will be applicable for the entire financial year. This means that the interest rate will be changed on the debtor system once in every financial year.~~

8.12 Payment/s or amount/s received will be allocated at the discretion of the Municipality against any amount owed to the Municipality.

8.13 Dishonoured Cheques

8.13.1 If any payment is made to the municipality by a negotiable instrument, and such negotiable instrument is dishonoured, the municipality may levy costs and administration fees against the account of the defaulting customer at the prescribed rate. Council reserves the right to refuse any further negotiable instruments in such a case.

8.14 Arrangement and payment extension

~~8.14.1 Arrangement to pay arrear account balances will be considered for Industrial, Business and School accounts but limited from six to ten months period and an initial payment of 50% of the outstanding debt is required. This also applies to churches and non-profit organizations, with only actual service charges being billed. Payment extension for the current account may not be allowed.~~

~~8.14.2 Proposals for arrangement to pay arrear account balances on domestic accounts and sundry accounts will be considered, provided the following conditions are met: This will be~~

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~~applicable to tenant and owner consumers. Tenants should obtain letter from the owner granting them permission to enter into an arrangement~~

~~8.14.3 An appropriate initial down payment of the arrear amount is payable on conclusion of the arrangement and is based on the following:~~

<del>Outstanding Amount</del>	<del>Initial Payment</del>	<del>Maximum Payment Period</del>
<del>&lt;R2,000 or six months outstanding</del>	<del>50% of the outstanding balance</del>	<del>3 months to settle the balance</del>
<del>Between R2,000 and R5,000 or greater than six months but less than twelve months</del>	<del>50% of the Outstanding Amount</del>	<del>6 Months to Settle the Balance</del>
<del>&gt;R5,000 or 12 Months</del>	<del>50% of the Outstanding Amount</del>	<del>12 Months but may differ with particular large and old amounts, eg 3 years. The CFO and Senior Management may use their discretion to decide on such accounts.</del>

8.15 Exceptional cases may be referred to the Manager: Credit Control for consideration.

8.16 The salary advice as well as proof of the initial down payment must be attached to all arrangement, including identity document which have been concluded, in order for the agreed arrangement to be implemented. Identity document

- 8.17 The debtor agrees to honour in full the current account while simultaneously reducing the arrears.
- 8.18 The municipality may allow a period of payment in excess of 24 months for the payment of arrears, but not exceeding a period of 60 months, if special circumstances, which the customer could not reasonably have prevented, warrant a longer period of payment.
- 8.19 Documentary proof of any special circumstances, as contemplated in 8.18 must be furnished by a customer on request by the Council.
- 8.20 Acknowledgement of debt and arrangement agreement forms must be completed fully and signed by the customer himself/herself and all documents required must be submitted before the arrangement can be approved.
- 8.21 The total arrear amount which is subject to the agreed arrangement will cease to attract interest if the arrangement is honoured. If, however, the arrangement is dishonoured, interest will be levied and the whole outstanding amount becomes due and payable.  
**Defaulting period is Six (6) consecutive months.**
- 8.22 Special arrangements on arrears are treated as a once-off opportunity to account holders who have fallen into arrears. Individuals who did not honour a previous agreement will therefore not be considered for a new agreement, unless exceptional circumstances are found to have existed.
- 8.23 Agreements may not be concluded with customers who respond only after being handed over to attorneys for collection.
- 8.24 An acknowledgement of debt and arrangement agreement must be concluded per property.
- 8.25 Businesses placed under provisional or actual liquidation, will only be allowed to purchase services on a pre-payment basis. Prepaid meters will not be installed if there is an outstanding balance on the account/s, unless an arrangement is made to settle the arrears. Customers who are indebted to the municipality for rates and services and wish to submit building plans for approval will first

have to make an arrangement to pay off their arrears before such plans can be approved. ~~Only bank guaranteed cheques or cash payments for such rates and services will be accepted.~~

8.26 Unallocated receipts will be allocated to income after three years.  
(MSCOA Requirements)

8.27 The arrangement for the following categories of consumers may be allowed more than sixty months and current accounts to be paid in full

8.28 Under debt review, administrations and late estate

## **9. DISPUTES**

9.1 In this policy “disputes” refers to the instance when a debtor questions the correctness of any account given by the Municipality through the office of the Municipal Manager as per the process in sub-item (9.2) below.

9.2 In order for a dispute to be registered with the Municipality, the following procedure must be followed:

9.2.1 By the Debtor

- a) The dispute must be in writing as no dispute will be registered verbally or telephonically.
- b) The debtor must furnish full particulars including ALL accounts held with the Municipality, including, Municipal Account numbers, ERF numbers, Property Address, Identification of Owner and or Tenant and contact details of All parties involved in the dispute. The Municipality reserves the right to request and any further particulars deemed necessary.
- c) The full nature and extent of the dispute must be described in the correspondence referred to above.
- d) The onus is on the debtor or Account Holder to ensure that he/she receives a written acknowledgement from the



Municipality of the dispute being received by the Municipality.

- e) Notwithstanding the dispute, the debtor will be liable for the outstanding amount due in terms of this policy, excluding the disputed amount.

9.2.2 By the Municipality

- a) On receipt of the dispute the following action(s) must be taken:
- b) A written acknowledgement of the receipt of the dispute must be provided to the debtor.
- c) Inform the debtor to continue paying the account excluding the disputed amount.
- d) The dispute must be registered in a dispute register.
- e) Inform the debtors department of the dispute.
- f) The dispute must be resolved within 3 (THREE) months.
- g) Ensure that all relevant information is received and rectified accordingly on the system.

9.2.3 The following provisions apply to the consideration of disputes:

- a) All disputes must be concluded by the Municipal Manager or delegated official.
- b) The Municipal Manager or delegated official decision is final and will result in the immediate implementation of any debt collection and credit control measures provided for in this policy after the debtor is provided with the outcome of the appeal.
- c) The same dispute will not be classified as a dispute and will not be reconsidered.
- d) Should the debtor not be satisfied with the outcome of the dispute, a debtor may lodge an appeal in terms of section 62 of the Systems Act.

- e) The Municipality reserves the right to declare a dispute on any account as may be deemed necessary.
- f) The municipality shall strive to install prepaid meters for water and electricity to reduce disputes and thereby giving the consumer power to manage their account.

## **10. IRRECOVERABLE DEBT**

### 10.1 Criteria for Irrecoverable Debt

10.1.1 Debt will only be considered irrecoverable if it complies with the following criteria:

- a) All possible avenues and processes must be followed to recover any debt to the Municipality
- b) The cost to recover the debt does not warrant further action
- c) A deceased debtor has no liquid assets to cover the outstanding amount following the final distribution of the estate
- d) All debtors who are registered as indigent
- e) A court of law has made a ruling in the matter
- f) The outstanding debt is due to administrative errors by the Municipality

### 10.2 Authorisation

10.2.1 As rates and taxes are deemed to be recoverable in all instances, all requests to write-off debt in respect of rates & taxes must be presented as individual items to the Municipal Council for authorisation of such debt to be written off. This excludes debt by Indigents.

10.2.2 In respect of other debt, a schedule indicating the debtor account number, the debtors name, amount owing, age of the debt, as well as the reason for write-off, must be compiled.

10.2.3 Notwithstanding the above, Council will be under no obligation to write-off any particular debt and will always retain sole discretion to do so.

**11. CREDIT CONTROL AND DEBT COLLECTION OF EMPLOYEE ACCOUNTS**

- 11.1 As per the Municipal Systems Act (No 32 of 2 000), Schedule 2 S10, municipal employees may not be in arrears with their municipal accounts for greater than three months
- 11.2 If they are found to be in arrears, these employees will be subject to disciplinary action in terms of the Municipality's HR policies.
- 11.3 Payment of arrear amounts by staff may be extended to a maximum of 42 months in exceptional circumstances in order to deal with previous accumulated arrears and within the prescripts of the Basic Conditions of Employment Act.
- 11.4 Thereafter no further arrears may be accumulated.
- 11.5 In order to ensure timeous, assured payment of employee accounts, all employees residing within the MAP Local Municipality shall be subject to an automatic deduction instituted against their salaries.

**12. CREDIT CONTROL AND DEBT COLLECTION OF COUNCILLOR ACCOUNTS**

- 12.1 The Local Government Laws, s12A of Schedule 1 of MSA, states that Municipal Councillors may not be in arrears to the municipality for rates and services for a period longer than 3 months.
- 12.2 In addition, in terms of the Municipal Finance Management Act (No 56 of 2003), S124 (b). "The notes to the annual financial statements of a municipality must include particulars of .....any arrears owed by individual councillors to the municipality .....for rates or services and which at any time during the relevant financial year were outstanding for more than 90 days, including the names of those councillors....."

12.3 In order to ensure timeous, assured payment of councillor accounts, all councillors shall be subject to an automatic deduction instituted against their councillor allowance payments on a monthly basis.

**13. ENQUIRIES AND APPEALS.**

- 13.1 Any aggrieved person may address a grievance or query regarding charges for municipal services to the Chief Financial Officer in writing or may visit any customer care office provided by the Municipality.
- 13.2 Every customer has the right to ask and to be provided with a clear explanation as to the services being charged and a breakdown of all amounts shown on their account.
- 13.3 The aggrieved person shall clearly state the basis of his or her dissatisfaction and the desired resolution.
- 13.4 The lodging of an inquiry shall not relieve the aggrieved person of the responsibility to settle his or her account.
- 13.5 And interim payment similar to an average account must be paid by the due date pending finalization of the enquiries.
- 13.6 The Municipality will respond to all enquiries from customers within 30 days from the lodging of the enquiry.

**14. COMMUNICATION WITH COMMUNITIES AND OTHER STAKEHOLDERS**

14.1 On approval of the new policy, a comprehensive communication plan will be implemented through the Marketing and Communication Directorate, in conjunction with the relevant Directorates, in order to advise ratepayers and consumers regarding incentives, payment terms and arrangements in the following languages: English and at least one other official language. This will be done in conjunction with the ward committees.

**15. CLEARANCE CERTIFICATES**

15.1 Before any property can be transferred from one owner to another, all arrears are payable, where after the Chief Financial Officer issues a certificate to that effect. No transfer can take place without such a certificate.

15.2 Before any clearance certificate is issued the responsible official must ensure that actual readings are captured on the financial system

**16. CLIENT CARE**

16.1 Clients may lodge appeals on the accuracy of accounts at the Debtor Client services Section.

16.2 Whilst such an appeal is not solved, no credit control measures are taken for that amount.

16.3 Other levies on the account, which do not form part of such an appeal, are however still payable and are not included in the extension for payment.

16.4 The municipality shall not be held liable for leaks inside properties of the consumer and no credit will be passed on the consumer account for such leaks.

16.5 PENSIONER'S REBATE - Pensioner's rebates will be dealt with in terms of the Rate policy.

**17. REPORTING ON PERFORMANCE MANAGEMENT**

17.1 The Chief Financial Officer shall report monthly to the Municipal Manager in suitable format to enable the Municipal Manager to report to the Executive Mayor as Supervisory Authority in terms of section 99 of the Systems Act.

17.2 The Executive Mayor as Supervisory Authority shall, at intervals of three months, report to council as contemplated in section 99 of the Systems Act.

- 17.3 This report shall contain particulars cash collection statistics, showing high-level debt recovery information including amongst others numbers of customers, enquiries, arrangements, default arrangements, growth or reduction of arrear debt. Where possible, the statistics should ideally be divided into wards, business (commerce and industry) domestic, state, institutional and other such division.
- 17.4 If in the opinion of the Chief Financial Officer, the Municipality will not achieve cash receipt income equivalent of the revenue projected in the annual budget as approved by Council, the Chief Financial Officer will report this with motivation to the Municipal Manager who will, if in agreement with the Chief Financial Officer, immediately move for a revision of the budget according to realistically realizable income levels.

**18. PROPERTY MANAGEMENT LEASES**

- 18.1 The procedure for the recovery of arrears on leases will be accordance with the conditions contained in the relevant lease contract and this policy will be applied if deemed appropriate by the Chief Financial Officer.

**19. POWER OF ENTRY AND INSPECTION.**

- 19.1 For any purpose related to the implementation or enforcement of this policy, and at all reasonable times, or in an emergency, a duly authorized representative of the Municipality may enter premises, request information and carry out such inspection or examination, as he or she may deem necessary. With regard to the installation or repair of any meter or service connection or reticulation so as limit, discontinue, disconnect or reconnect the provision of any service. To take readings for consumption of water and electricity.
- 19.2 If the Municipality considers it necessary that work be performed to enable the afore stated authorized representative to perform a function referred to in subsection (1) property and effectively, then it

may, by written notice require the owner or occupier of the premises, at his or her own expense, to do specific work within a specified period, or. If in its reasonable opinion, the situation is a matter of urgency, then the Municipality may do such work, or cause it to be done, at the expense of the owner or occupier, and without written notice.

- 19.3 If the work referred to in subsection (2) above is carried out for the sole purpose of establishing whether a contravention of this policy has been committed, and no such contravention has taken place, then the Municipality shall bear the expense connected therewith, together with the expense of restoring the premises to its former condition.

## **20. NOTICES**

- 20.1 A notice or document issued by the Municipality in terms of this policy shall be deemed to be duly issued if signed by a duly authorized representative of the Municipality.
- 20.2 If a notice is to be served on a person in terms of this policy then such services shall be effected by:
- 20.2.1 Delivery the notice to him or her personally/**by post** , or to his or her duly authorized agent;
- 20.2.2 Delivering the notice at his or her residence or place of employment, to a person apparently not less than 16 years of age, and apparently residing or employed there;
- 20.2.3 If he or she has nominated an address for legal purposes, delivering the notice to such an address. Registered or certified post, addressed to his or her last known address,
- 20.2.4 In the case of a body corporate, delivering it to the registered office or the business premises of such a body corporate; or if the service cannot be effected in terms of the afore going subsections, by affixing it to the principal door of entry to the

premises or displaying it in a conspicuous place on the property to which it relates.

**21. BY-LAWS TO BE ADOPTED.**

- 21.1 By-laws shall be adopted to give effect to the council's credit control and debt collection policy.
- 21.2 These by-laws deal severely with defaulters, and their application requires a considerable degree of commitment from the municipal manager and his or her administration, as well as from the municipality's political structures.
- 21.3 For these by-laws to ensure the avoidance of financial misfortunes for the municipality, and to lead to sustained financial stability, their application will have to receive the constant attention of all the municipality's key role players and decision makers. If these by-laws are not constantly and consistently applied, from month to month and from year to year, the municipality's political and administrative credibility will be severely impaired, and it may not be able to avert financial collapse in the long run.

**22. REPEAL OF POLICY.**

- 22.1 Any policy relating to credit control and debt collection adopted by the Municipal or any erstwhile municipal council now comprising an administrative unit of the Municipality shall be repealed from the date of promulgation of this policy.

**23. PUBLICATION OF POLICY**

- 23.1 The Municipal Manager shall, within 14 days from the date of adoption of this Policy by the Council, by public note draw the attention of the public to its broad contents and method of application.



**24. IMPLIMENTATION AND REVIEW OF THIS POLICY.**

24.1 This policy shall be implemented once approved by Council. All future credit control actions must be made in accordance with this policy. In terms of section 17(1) of the MFMA this policy must be annual basis and the reviewed policy tabled to Council for approval as part of the budget process.

**25. APPROVAL OF POLICY**

.....	.....
<b>Municipal Manager</b>	<b>Date</b>
<b>MAP LOCAL MUNICIPALITY</b>	

.....	.....
<b>Executive Mayor</b>	<b>Date</b>
<b>MAP LOCAL MUNICIPALITY</b>	

**COUNCIL RESOLUTION NUMBER** \_\_\_\_\_